

DECLARATION OF STEVE PAPPAS ON BEHALF OF XEMEX LLC

I, Steve Pappas, hereby declare as follows:

1. I am a the president of Xemex LLC, the successor by assignment of the note held by James Pappas, creditor of SPL Partners LLC (the “Alleged Debtor”).

2. I am fully familiar with the facts and circumstances set forth herein except for those made upon information and belief, and as to those allegations, I believe them to be true to the best of my knowledge.

3. I submit this declaration (“Declaration”) in support of the commencement of an involuntary Chapter 11 bankruptcy case against the Alleged Debtor.

4. Except as otherwise indicated below, the statements set forth herein are based upon my own personal knowledge. If called to testify, I could and would testify competently to the matters set forth in this Declaration as follows:

5. I personally am one of the original owners and developers of the Property, but I have not been involved with or managed the Property as managing partner since mid-2016.

6. The Alleged Debtor is the owner of a seven-story general office building consisting of approximately 75,000 square feet, plus two (2) levels of automatable parking spaces, located at 9201 4th Avenue, Brooklyn, New York (the “Property”).

7. At its peak, the Property was occupied by more than twenty (20) commercial tenants with underground parking.

8. On information and belief, in recent times, occupancy rates and rent collections have dropped at the Property due to, *among other things*, the aftershock of management disputes and litigation among successors to the developers and original owners of the Alleged Debtor, all compounded by the current Covid 19 pandemic.

9. Upon information and belief, by way of brief background, the Alleged Debtor became the fee owner of the Property several years after the Property was developed by SPL Partners under a conversion from a general partnership to a limited liability company. In connection with the conversion, the mortgage debt on the Property was refinanced with a consolidated \$16.4 million approximately mortgage loan issued by New York Community Bank (“NYCB”).

10. By promissory note dated February 1, 2007, James Pappas made a loan in the amount of \$100,000.00 to the Alleged Debtor. A copy of said note signed by the Alleged Debtor memorializing the loan is annexed as Exhibit “A” hereto.

11. By assignment dated as of September 2, 2019, James Pappas assigned said note to Xemex LLC. A copy of said assignment is annexed hereto as part of Exhibit “A.”

12. As set forth in said assignment, some payments under the Note were made for a time and then ceased, and no payments have been made since. Accordingly the sum of \$100,000.00 in principal plus some accrued interest remains due and owing under said note.

13. Additionally, Xemex LLC is also owed the undisputed sum of \$549,938.34 for Amounts Overdue to Xemex LLC under the Management and Leasing Agreements Between Xemex LLC and SPL Partners, LLC which, as set forth in the subject involuntary petition, has been added to the sum owed under the aforementioned assigned note for a total \$649,938.34, part of which has accrued interest, as set forth above.

14. Additionally, the sum of \$1,891,801 is asserted under said Management and Leasing Agreements as due and owing to Xemex LLC, but is not included in the amount listed in the subject petition.

15. Upon information and belief, I understand that defaults under the NYCB

mortgage were declared on or about April 1, 2020, and that NYCB thereafter entered into various forbearances with the Alleged Debtor, and ultimately, I understand that the forbearances ended and the NYCB mortgage became fully due and owing.

16. Upon information and belief, I understand that NYCB subsequently assigned the consolidated mortgage to Signature Lien Acquisitions III LLC which commenced foreclosure proceedings in Supreme Court, Kings, County, and obtained entry of an Order appointing a Receiver.

17. I believe that the prospect of a protracted foreclosure action may seriously undermine any opportunity for creditors to obtain a recovery of their claims. In an effort to promote an efficient, robust and transparent disposition of the Property, petitioners are filing this involuntary bankruptcy case with the hope of working with the current mortgage holder Signature Lien Acquisitions III LLC to position the Property for prompt administration under the supervision of the Bankruptcy Court, in connection with a Chapter 11 case, and such may provide the best opportunity to generate fair market value for the Property.

Dated: Brooklyn, New York
August 24, 2021

Xemex LLC, individually and as successor to James Pappas

By: s/Steve Pappas
Steve Pappas, President